

# Aditya Birla Retail close to southern turnaround

## Co breakeven two years away as other zone stores are young

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Aditya Birla Retail Ltd, which has 642 supermarkets and five hypermarkets, is on the verge of a turnaround in the southern region.

Speaking to *Business Line* today, Mr Thomas Varghese, CEO, ABRL, said, "With about 400 of the 642 supermarkets in the South, we expect to turn positive in the next few months in the zone."

At a company level, it will have to wait for a couple of years to see a breakeven and this is because the 'stores in other zones are much younger.'

ABRL acquired Fabmall and Trinethra chain of stores in early 2007 and now has the rebranded 'More' supermarkets and hypermarkets across the country.

The company is putting finishing touches to its fifth hypermarket in the country to be opened in Bangalore next week.

Admitting that the company did go through a state of



Mr Thomas Varghese, Chief Executive Officer, Aditya Birla Retail Ltd.

'atrophy' for almost two years after the first hypermarket was launched in Mysore in mid-2007, Mr Varghese said that the plan now was to have eight hypermarkets and 700 supermarkets by the end of the fiscal and stores are in several stages of evolution.

"The two-year gap was because the rentals were too high then and now it is what it should be: a rent to revenue

ratio of 3-4 per cent," said Mr Varghese. The company is also rolling out stores that would offer a Rs 1,000 per sq ft revenue per month. Last year, 'More' supermarkets recorded a same store sales growth of 15 per cent.

Of course, he said, the initial plan of investing Rs 8,000-Rs 10,000 crore in the retail market has been toned down over the months, but the vision is to have 10 mil-

lion sq ft of space by 2015 through multiple formats.

ABRL has close to 1.9 million sq ft space in two formats. "We do want to explore various formats, but not at this stage," explained Mr Varghese.

The company has closed down 107 supermarkets around the country as it did not find them profitable.

He said listing the company would happen when it is 'closer to profitability', which, he says, is likely in the next two years.

"We are half-way down the walk and we have another half-way to cover in the next 2-3 years," he said.

The company is not too keen on any strategic partnership with a foreign retail player, because ABRL is clear about not giving strategic control of the company to another entity.

However, the company is not averse to more acquisitions though nothing suitable is available right now, according to Mr Varghese.